

**FCC Form 481 - Carrier Annual Reporting  
Data Collection Form**

 FCC Form 481  
 OMB Control No. 3060-0586/OMB Control No. 3060-0819  
 July 2013

<010>	Study Area Code	482255
<015>	Study Area Name	3-RIVERS TEL COOP
<020>	Program Year	2016
<030>	Contact Name: Person USAC should contact with questions about this data	Phil Maxwell
<035>	Contact Telephone Number: Number of the person identified in data line <030>	8007964567 ext. 4134
<039>	Contact Email Address: Email of the person identified in data line <030>	phil.maxwell@3rivers.coop

ANNUAL REPORTING FOR ALL CARRIERS		54.313 Completion Required	54.422 Completion Required
(check box when complete)			
<100>	Service Quality Improvement Reporting (complete attached worksheet)	<input type="checkbox"/>	<input type="checkbox"/>
<200>	Outage Reporting (voice) (complete attached worksheet)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<210>	<input checked="" type="checkbox"/> <-- check box if no outages to report	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<300>	Unfulfilled Service Requests (voice) 0	<input type="checkbox"/>	<input type="checkbox"/>
<310>	Detail on Attempts (voice) (attach descriptive document)	<input type="checkbox"/>	<input type="checkbox"/>
<320>	Unfulfilled Service Requests (broadband) 0	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<330>	Detail on Attempts (broadband) (attach descriptive document)	<input type="checkbox"/>	<input type="checkbox"/>
<400>	Number of Complaints per 1,000 customers (voice)	<input type="checkbox"/>	<input type="checkbox"/>
<410>	Fixed 0.0	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<420>	Mobile 0.0	<input type="checkbox"/>	<input type="checkbox"/>
<430>	Number of Complaints per 1,000 customers (broadband)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<440>	Fixed 0.0	<input type="checkbox"/>	<input type="checkbox"/>
<450>	Mobile 0.0	<input type="checkbox"/>	<input type="checkbox"/>
<500>	Service Quality Standards & Consumer Protection Rules Compliance (check to indicate certification)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<510>	482255mc510.pdf (attach descriptive document)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<600>	Functionality in Emergency Situations (check to indicate certification)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<610>	482255mc610.pdf (attach descriptive document)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<700>	Company Price Offerings (voice) (complete attached worksheet)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<710>	Company Price Offerings (broadband) (complete attached worksheet)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<800>	Operating Companies and Affiliates (complete attached worksheet)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<900>	Tribal Land Offerings (Y/N)? <input checked="" type="radio"/> <input type="radio"/> (if yes, complete attached worksheet)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<1000>	Voice Services Rate Comparability Certification Yes <input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<1010>	482255mc1010.pdf (attach descriptive document)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<1100>	Certify whether terrestrial backhaul options exist (Yes or No) <input checked="" type="radio"/> <input type="radio"/> (if not, check to indicate certification)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<1110>	(complete attached worksheet)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<1200>	Terms and Condition for Lifeline Customers (complete attached worksheet)	<input type="checkbox"/>	<input checked="" type="checkbox"/>

**Price Cap Carriers, Proceed to Price Cap Additional Documentation Worksheet**

Including Rate-of-Return Carriers affiliated with Price Cap Local Exchange Carriers

<2000>	(check to indicate certification)	<input type="checkbox"/>	<input type="checkbox"/>
<2005>	(complete attached worksheet)	<input type="checkbox"/>	<input type="checkbox"/>

**Rate of Return Carriers, Proceed to ROR Additional Documentation Worksheet**

<3000>	(check to indicate certification)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<3005>	(complete attached worksheet)	<input checked="" type="checkbox"/>	<input type="checkbox"/>

**(100) Service Quality Improvement Reporting  
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<030>	Contact Name - Person USAC should contact regarding this data	Phil Maxwell
<035>	Contact Telephone Number - Number of person identified in data line <030>	8007964567 ext.4134
<039>	Contact Email Address - Email Address of person identified in data line <030>	phil.maxwell@3rivers.coop
<110>	Has your company received its ETC certification from the FCC?	(yes / no) <input checked="" type="radio"/> <input type="radio"/>
<111>	If your answer to Line <110> is yes, do you have an existing §54.202(a) "5 year plan" filed with the FCC?	(yes / no) <input checked="" type="radio"/> <input type="radio"/>

If your answer to Line <111> is yes, then you are required to file a progress report, on line <112> delineating the status of your company's existing § 54.202(a) "5 year plan" on file with the FCC, as it relates to your provision of voice telephony service.

- <112> Attach Five-Year Service Quality Improvement Plan or, in subsequent years, your annual progress report filed pursuant to 47 C.F.R. § 54.313(a)(1). If your company is a CETC which only receives frozen support, your progress report is only required to address voice telephony service.

482255mt112.pdf

Name of Attached Document

Please select the appropriate responses below (Yes, No, Not Applicable) to confirm that the attached document(s), on line 112, contains a progress report on its five-year service quality improvement plan pursuant to §54.202(a). The information shall be submitted at the wire center level or census block as appropriate.

- <113> Maps detailing progress towards meeting plan targets  
 <114> Report how much universal service (USF) support was received  
 <115> How much (USF) was used to improve service quality and how support was used to improve service quality  
 <116> How much (USF) was used to improve service coverage and how support was used to improve service coverage  
 <117> How much (USF) was used to improve service capacity and how support was used to improve service capacity  
 <118> Provide an explanation of network improvement targets not met in the prior calendar year.

Yes
Yes
Yes
Yes
Yes
Not Applicable

### Data Collection Form

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July 2013

<010>	Study Area Code	482255
<015>	Study Area Name	3-RIVERS TEL COOP
<020>	Program Year	2016
<030>	Contact Name - Person USAC should contact regarding this data	Phil Maxwell
<035>	Contact Telephone Number - Number of person identified in data line <030>	8007964567 ext .6134
<039>	Contact Email Address - Email Address of person identified in data line <030>	phil.maxwell@3riversa.coop

[illegible]

FCC Form 481  
OMB Control No. 3060-0986/OMB Control No. 3060-0819  
July 2013

<010>	Study Area Code	482256
<015>	Study Area Name	3-RIVERS TEL COOP
<020>	Program Year	2016
<030>	Contact Name - Person USAC should contact regarding this data	Phil Maxwell
<035>	Contact Telephone Number - Number of person identified in data line <030>	8007964567 ext.4134
<039>	Contact Email Address - Email Address of person identified in data line <030>	phil.maxwell@3rivers.coop

<701>	Residential Local Service Charge Effective Date	1/1/2015
<702>	Single State-wide Residential Local Service Charge	22.0

[illegible]



<010>	Study Area Code	482255
<015>	Study Area Name	3-RIVERS TEL COOP
<020>	Program Year	2016
<030>	Contact Name - Person USAC should contact regarding this data	Phil Maxwell
<035>	Contact Telephone Number - Number of person identified in data line <030>	8007964567 ext .4134
<039>	Contact Email Address - Email Address of person identified in data line <030>	phil.maxwell@3rivers.coop

[illegible]

(800) Operating Companies Data Collection Form	FCC Form 481 OMB Control No. 3060-0985/OMB Control No. 3060-0819 July 2013
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<010>	Study Area Code	482255
<015>	Study Area Name	1-RIVERS TEL COOP
<020>	Program Year	2016
<030>	Contact Name - Person USAC should contact regarding this data	Phil Maxwell
<035>	Contact Telephone Number - Number of person identified in data line <030>	8007964567 ext.4134
<039>	Contact Email Address - Email Address of person identified in data line <030>	phil.maxwell@3rivers-coop
<810>	Reporting Carrier	3 Rivers Telephone Coopeative, Inc.
<811>	Holding Company	Not Applicable
<812>	Operating Company	3 Rivers Telephone Cooperative, Inc.

[illegible]

**(900) Tribal Lands Reporting  
Data Collection Form**

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<010>	Study Area Code	482255
<015>	Study Area Name	3-RIVERS TEL COOP
<020>	Program Year	2016
<030>	Contact Name - Person USAC should contact regarding this data	Phil Maxwell
<035>	Contact Telephone Number - Number of person identified in data line <030>	6007964567 ext.4134
<039>	Contact Email Address - Email Address of person identified in data line <030>	phil.maxwell@3rivers.coop

<910> Tribal Land(s) on which ETC Serves

Blackfeet Reservation

<920> Tribal Government Engagement Obligation

482255mt920.pdf

Name of Attached Document

If your company serves Tribal lands, please select (Yes,No, NA) for each these boxes to confirm the status described on the attached document(s), on line 920, demonstrates coordination with the Tribal government pursuant to § 54.313(a)(9) includes:

- <921> Needs assessment and deployment planning with a focus on Tribal community anchor institutions.
- <922> Feasibility and sustainability planning;
- <923> Marketing services in a culturally sensitive manner;
- <924> Compliance with Rights of way processes
- <925> Compliance with Land Use permitting requirements
- <926> Compliance with Facilities Siting rules
- <927> Compliance with Environmental Review processes
- <928> Compliance with Cultural Preservation review processes
- <929> Compliance with Tribal Business and Licensing requirements.

Select Yes or No or Not Applicable
Yes

Yes
Yes
Yes
Yes
Yes
Yes
Yes
Yes

**(1100) No Terrestrial Backhaul Reporting  
Data Collection Form**

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July 2013

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<020>	Program Year	2016
<030>	Contact Name - Person USAC should contact regarding this data	Phil Maxwell
<035>	Contact Telephone Number - Number of person identified in data line <030>	8007964567 ext. 4134
<039>	Contact Email Address - Email Address of person identified in data line <030>	phil.maxwell@3rivers.coop

<1120> Please confirm whether terrestrial backhaul options exist within the supported area pursuant to § 54.313(g) (Yes, No).

<1130> Please select the appropriate response (Yes, No, Not Applicable) to confirm the reporting carrier offers broadband service of at least 1 Mbps downstream and 256 kbps upstream within the supported area pursuant to § 54.313(g).



**(1200) Terms and Condition for Lifeline Customers**  
**Lifeline**  
**Data Collection Form**

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<020>	Program Year	2016
<030>	Contact Name - Person USAC should contact regarding this data	Phil Maxwell
<035>	Contact Telephone Number - Number of person identified in data line <030>	8007964567 ext. 4134
<039>	Contact Email Address - Email Address of person identified in data line <030>	phil.maxwell@rivers.coop

<1210> Terms & Conditions of Voice Telephony Lifeline Plans

482255mt1210.pdf

Name of Attached Document

<1220> Link to Public Website

HTTP

"Please check these boxes below to confirm that the attached document(s), on line 1210, or the website listed, on line 1220, contains the required information pursuant to § 54.422(a)(2) annual reporting for ETCs receiving low-income support, carriers must annually report:

- |        |   |                                     |
|--------|---|-------------------------------------|
| <1221> | Information describing the terms and conditions of any voice telephony service plans offered to Lifeline subscribers, | <input checked="" type="checkbox"/> |
| <1222> | Details on the number of minutes provided as part of the plan,  | <input checked="" type="checkbox"/> |
| <1223> | Additional charges for toll calls, and rates for each such plan.  | <input checked="" type="checkbox"/> |

**(2000) Price Cap Carrier Additional Documentation****Data Collection Form***Including Rate-of-Return Carriers affiliated with Price Cap Local Exchange Carriers*

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<010>	Study Area Code	
<015>	Study Area Name	000000
<020>	Program Year	1-10/000 TEL COOP
<030>	Contact Name - Person USAC should contact regarding this data	2116
<035>	Contact Telephone Number - Number of person identified in data line <030>	PHIL MAXWELL
<039>	Contact Email Address - Email Address of person identified in data line <030>	2007204287.WAL-1134
		phil.maxwell@stivers.coop

Select the appropriate responses below (Yes, No, Not Applicable) to note compliance as a recipient of Incremental Connect America Phase I support, frozen High Cost support, High Cost support to offset access charge reductions, and Connect America Phase II support as set forth in 47 CFR § 54.313(b),(c),(d),(e). The information reported on this form and in the documents attached below is accurate.

**Incremental Connect America Phase I reporting**

- <2010> 2nd Year Certification {47 CFR § 54.313(b)(1)i}  
 <2011a> 3rd Year Certification {47 CFR § 54.313(b)(1)ii}  
 <2011b> Attachment {47 CFR § 54.313(b)(1)ii}


Name of Attached Document(s) Listing Required Information

**Price Cap Carrier Receiving Frozen Support Certification {47 CFR § 54.312(a)}**

- <2012> 2013 Frozen Support Calculation {47 CFR § 54.313(c)(1)}  
 <2013> 2014 Frozen Support Calculation {47 CFR § 54.313(c)(2)}  
 <2014> 2015 Frozen Support Calculation {47 CFR § 54.313(c)(3)}  
 <2015> 2016 and future Frozen Support Calculation {47 CFR § 54.313(c)(4)}


**Price Cap Carrier Connect America ICC Support {47 CFR § 54.313(d)}**

- <2016> Certification Support Used to Build Broadband

--

**Connect America Phase II Reporting {47 CFR § 54.313(e)}**

- <2017> 3rd year Broadband Service Certification  
 <2018> 5th year Broadband Service Certification  
 <2019> Interim Progress Certification  
 <2020> Please check the box to confirm that the attached document(s), on line 2021, contains the required information pursuant to § 54.313 (e)(3)(ii), as a recipient of CAF Phase II support shall provide the number, names, and addresses of community anchor institutions to which began providing access to broadband service in the preceding calendar year.


- <2021> Interim Progress Community Anchor Institutions


Name of Attached Document(s) Listing Required Information

**[3000] Rate Of Return Carrier Additional Documentation**  
**Data Collection Form**

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<010>	Study Area Code	482255
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<039>	Contact Email Address - Email Address of person identified in data line <030>	phil.maxwell@rivers.coop

CHECK the boxes below to note compliance on its five year service quality plan (pursuant to 47 CFR § 54.202(a)) and, for privately held carriers, ensuring compliance with the financial reporting requirements set forth in 47 CFR § 54.313(f)(2). I further certify that the information reported on this form and in the documents attached below is accurate.

[3010] Progress Report on 5 Year Plan  
 Milestone Certification (47 CFR § 54.313(f)(1)(i))

482255mt3010.pdf

Name of Attached Document Listing Required Information

[3011] Please check this box to confirm that the attached document(s), on line 3012 contains the required information pursuant to § 54.313 (f)(1)(ii), the carrier shall provide the number, names, and addresses of community anchor institutions to which began providing access to broadband service in the preceding calendar year. ☒

482255mt3012.pdf

[3012] Community Anchor Institutions (47 CFR § 54.313(f)(1)(iii))

Name of Attached Document Listing Required Information

[3013] Is your company a Privately Held ROR Carrier (47 CFR § 54.313(f)(2))  
 [3014] If yes, does your company file the RUS annual report

(Yes/No)  
 (Yes/No)



Please check these boxes to confirm that the attached document(s), on line 3017, contains the required information pursuant to § 54.313(f)(2) compliance requires:

[3015] Electronic copy of their annual RUS reports (Operating Report for Telecommunications Borrowers) ☒

[3016] Document(s) for Balance Sheet, Income Statement and Statement of Cash Flows ☒

482255mt3017.pdf

[3017] If the response is yes on line 3014, attach your company's RUS annual report and all required documentation

Name of Attached Document Listing Required Information

[3018] If the response is no on line 3014, is your company audited?

(Yes/No)



If the response is yes on line 3018, please check the boxes below to confirm your submission, on line 3026 pursuant to § 54.313(f)(2), contains:

[3019] Either a copy of their audited financial statement; or (2) a financial report in a format comparable to RUS Operating Report for Telecommunications ☐

[3020] Document(s) for Balance Sheet, Income Statement and Statement of Cash Flows ☐

[3021] Management letter and audit opinion issued by the independent certified public accountant that performed the company's financial audit ☐

If the response is no on line 3018, please check the boxes below to confirm your submission, on line 3026 pursuant to § 54.313(f)(2), contains:

[3022] Copy of their financial statement which has been subject to review by an independent certified public accountant; or (2) a financial report in a format comparable to RUS Operating Report for Telecommunications Borrowers, ☐

[3023] Underlying information subjected to a review by an independent certified public accountant ☐

[3024] Underlying information subjected to an officer certification, ☐

[3025] Document(s) for Balance Sheet, Income Statement and Statement of Cash Flows ☐

[3026] Attach the worksheet listing required information

Name of Attached Document Listing Required Information

## (3000) Rate Of Return Carrier Additional Documentation (Continued)

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FCC Form 481

OMB Control No. 3050-0086/OMB Control No. 3050-0819

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<010>	Study Area Code	482255
<015>	Study Area Name	3-RIVERS TEL COOP
<020>	Program Year	2014
<030>	Contact Name - Person USAC should contact regarding this data	Phil Maxwell
<035>	Contact Telephone Number - Number of person identified in data line <030>	8007964557 ext. 4134
<039>	Contact Email Address - Email Address of person identified in data line <030>	phil.maxwell@rivers.coop

## Financial Data Summary

(3027) Revenue

30619376

(3028) Operating Expenses

28972474

(3029) Net Income

1949533

(3030) Telephone Plant In Service(TPIS)

199489750

(3031) Total Assets

121790130

(3032) Total Debt

49914762

(3033) Total Equity

56389417

(3034) Dividends

0

Certification - Reporting Carrier Data Collection Form	FCC Form 481 OMB Control No. 3060-0985/OMB Control No. 3060-0819 July 2013
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<030> Contact Name - Person USAC should contact regarding this data	Phil Maxwell
<035> Contact Telephone Number - Number of person identified in data line <030>	8007964567 ext.4134
<039> Contact Email Address - Email Address of person identified in data line <030>	phil.maxwell@3rivers.coop

TO BE COMPLETED BY THE REPORTING CARRIER, IF THE REPORTING CARRIER IS FILING ANNUAL REPORTING ON ITS OWN BEHALF:

<b>Certification of Officer as to the Accuracy of the Data Reported for the Annual Reporting for CAF or LI Recipients</b>	
I certify that I am an officer of the reporting carrier; my responsibilities include ensuring the accuracy of the annual reporting requirements for universal service support recipients; and, to the best of my knowledge, the information reported on this form and in any attachments is accurate.	
Name of Reporting Carrier: 3-RIVERS TEL COOP	
Signature of Authorized Officer: CERTIFIED ONLINE	Date 06/24/2015
Printed name of Authorized Officer: Bradley Veis	
Title or position of Authorized Officer: CFO	
Telephone number of Authorized Officer: 8007964567 ext.4405	
Study Area Code of Reporting Carrier: 482255	Filing Due Date for this form: 07/01/2015
Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.	



**Certification - Agent / Carrier  
Data Collection Form**

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<035> Contact Telephone Number - Number of person identified in data line <030>	8007964567 ext. 4134
<039> Contact Email Address - Email Address of person identified in data line <030>	phil.maxwell@3rivers.coop

**TO BE COMPLETED BY THE REPORTING CARRIER, IF AN AGENT IS FILING ANNUAL REPORTS ON THE CARRIER'S BEHALF:**

Certification of Officer to Authorize an Agent to File Annual Reports for CAF or LI Recipients on Behalf of Reporting Carrier	
I certify that (Name of Agent) _____ is authorized to submit the information reported on behalf of the reporting carrier. I also certify that I am an officer of the reporting carrier; my responsibilities include ensuring the accuracy of the annual data reporting requirements provided to the authorized agent; and, to the best of my knowledge, the reports and data provided to the authorized agent is accurate.	
Name of Authorized Agent: _____	
Name of Reporting Carrier: _____	
Signature of Authorized Officer: _____	Date: _____
Printed name of Authorized Officer: _____	
Title or position of Authorized Officer: _____	
Telephone number of Authorized Officer: _____	
Study Area Code of Reporting Carrier: _____	Filing Due Date for this form: _____
Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.	

**TO BE COMPLETED BY THE AUTHORIZED AGENT:**

Certification of Agent Authorized to File Annual Reports for CAF or LI Recipients on Behalf of Reporting Carrier	
I, as agent for the reporting carrier, certify that I am authorized to submit the annual reports for universal service support recipients on behalf of the reporting carrier; I have provided the data reported herein based on data provided by the reporting carrier; and, to the best of my knowledge, the information reported herein is accurate.	
Name of Reporting Carrier: _____	
Name of Authorized Agent or Employee of Agent: _____	
Signature of Authorized Agent or Employee of Agent: _____	Date: _____
Printed name of Authorized Agent or Employee of Agent: _____	
Title or position of Authorized Agent or Employee of Agent: _____	
Telephone number of Authorized Agent or Employee of Agent: _____	
Study Area Code of Reporting Carrier: _____	Filing Due Date for this form: _____
Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.	

## Attachments

(710) Broadband Price Offerings  
Data Collection Form

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<010>	Study Area Code	482255
<015>	Study Area Name	3-27VERS TEL COOP
<020>	Program Year	2010
<030>	Contact Name - Person USAC should contact regarding this data	Phil Maxwell
<035>	Contact Telephone Number - Number of person identified in data line <030>	8007964567 ext.4134
<039>	Contact Email Address - Email Address of person identified in data line <030>	phil_maxwell@3drivers.coop

[illegible]

3 Rivers Telephone Cooperative, Inc.  
5 Year Plan – 2016 through 2020

Introduction

3 Rivers Telephone Cooperative, Inc. (3 Rivers) has been providing communications services in North Central and Southwest Montana for over sixty (60) years. Throughout its history, 3 Rivers has been dedicated to bringing the latest technology services to its customers. Specifically, our key goal is to get at least a 6X1 broadband speed to all 16,000 customers. To that end, we are deploying Fiber to the Home (FTTH) as time and resources allow, and using Fiber to the Node (FTTN) where FTTH is not economically feasible with current technology. This strategy allows us to quickly install improved broadband service to our customers, while working toward the ultimate goal of FTTH in all exchanges.

3 Rivers serves a total of twenty-six (26) exchanges as a LEC, and has deployed FTTH in ten (10) exchanges, with two (2) additional exchanges under construction. In the next five (5) years, 3 Rivers plans to deploy FTTH in another seven (7) exchanges. Additionally, we will be adding new remote Broadband Loop Carrier (BLC) cabinets to increase broadband speeds to our customers. Another major initiative over the next five (5) years will continue ongoing capacity and redundancy improvements within the network infrastructure.

Selection and prioritization of FTTH buildout is determined by reviewing Trouble Tickets in the various exchanges, maintenance issues on existing copper plant, the age of the existing plant, and customer demand.

Update to 2015 Plan (from last years report)

The FTTH projects that were planned for 2015, the Harrison Exchange and the Highwood Exchange are under construction as planned. The Harrison exchange serves approximately 280 access lines and it encompasses approximately 427 square miles. This requires plowing 100 mainline miles of fiber, and about 25 miles of drops. In the Highwood exchange, we serve approximately 200 access lines, and the area served is approximately 331 square miles. We will plow 120 miles of mainline fiber and 18 miles of drops to deploy FTTH in this exchange. We have multiple new BLC cabinets being placed in various exchanges to improve Broadband speeds for our customers, and we are placing FTTH in new developments across various exchanges. We are on track to meet all Plan Targets.

2016 to 2020

In 2016, 3 Rivers will finish transitioning customers in Harrison and Highwood to the FTTH platform. We then plan to begin construction of FTTH in the Lima and Brady exchanges. Lima encompasses 730 square miles serving approximately 300 access lines. This project includes plowing 160 miles of mainline fiber, 30 miles of drops, and the placement of multiple remote cabinets. The Brady Exchange has 145 Square miles and serves 100 customers. We will be plowing 80 miles of mainline fiber and 13 miles of drops to bring FTTH to this exchange. Additional BLC cabinets will be placed in the Valier and Big Sky exchanges to improve Broadband speeds for approximately 80 customers, and FTTH will be done in various portions of the Fairfield and Ennis exchanges serving about 110 customers.

In 2017, 3 Rivers plans to finish transitioning customers in the Lima and Brady exchange to FTTH, and begin construction on the Virginia City exchange. This exchange encompasses 30 square miles, serves 210 customers, and will require plowing 60 miles of fiber. We will also start placing FTTH in many areas of the Choteau exchange, placing 160 miles of new fiber and serving 150 customers. New FTTH will be placed in portions of the Sheridan and Ennis exchanges as well. BLC cabinets are planned for the Belt, Twin Bridges and Choteau exchanges for improved Broadband speeds for another 95 customers.

In 2018, 3 Rivers will complete transitioning customers in the Virginia City exchange to FTTH, and continue the FTTH build in the Choteau Exchange, and begin construction in portions of the Browning exchange. In Browning, we will be placing 165 miles of fiber and serving nearly 2000 customers. New FTTH is also planned for portions of the Melrose exchange. Additional BLC Cabinets will be placed in the Browning Exchange to deliver High Speed Broadband to approximately 160 customers.

In 2019, 3 Rivers will transition Choteau customers to FTTH, and continue construction the Browning exchange. In addition, electronics upgrading the network backbone will be deployed. Preliminary design work will begin for the next series of exchanges of FTTH deployment.

In 2020, 3 Rivers will cutting over customers in the Browning Exchange, and will plan to start FTTH construction in the next series of exchanges, as yet not determined.



USF, how it was used

In 2014, 3 Rivers Telephone Cooperative received \$4.8 million dollars in USF. In that same period, 3 Rivers spent nearly 6 million dollars in internally funded Network improvements. The Network improvements include:

- New Fiber routes for backbone connectivity

- New Fiber routes for BLC connectivity in multiple exchanges

- New FTTH projects in multiple exchanges

- BLC conversions to provide Broadband Services

- New BLC installations to provide Broadband Services

- Switch Upgrades for Network integrity and continuity

- FTTH conversions to provide higher speed Broadband and IPTV

- Upgrades to Network backbone such as MPLS Switches, caching servers, and SONET terminals

2015 Additions to Plant  
Internally Funded

Small OSP Additions-All Exchanges		\$	345,000
Misc Electronics -All Exchanges		\$	302,500
Fiber Routes & FTTH			
Fiber from Thompson to Dearborn	\$	200,000	
Belt North & South Cable Relocate	\$	26,478	
Spanish Peaks OSP Rework	\$	250,000	
BFO 288 from CO to West Boundary	\$	50,000	
Boarding School Fiber Feed	\$	75,000	
Blackfeet Housing-Browning	\$	120,000	
Big Sky Fiber Projects	\$	258,442	
Sheridan FTTH	\$	155,000	
Choteau West/Bellview	\$	500,000	
Birch Creek BLC - Fiber	\$	50,000	
Antelope Basin DLC & Drop Replacement	\$	145,200	
McAllister to POM from Ennis - Fiber	\$	110,000	
Fiber to Golf Course Area	\$	160,000	
Fiber to Antelope Meadows	\$	250,000	
Hwy 287 BLC E3-48	\$	31,000	
Power Plant Upgrade	\$	120,000	
Bayers Lane BLC E3-48	\$	31,000	
Williams Rd BLC(E3-48C)	\$	72,058	
Buena Vista Rd BLC(E3-48C)(S+C96Gullivan Bridge)	\$	55,109	
FLM 150 Changeout		12,000.00	
4 Corners Fiber Termination w/ NW Energy		<u>100,000.00</u>	\$ 2,771,287
Grounding Projects-Variou Exchanges			\$ 110,000
Metaswitch Conversion			\$ 200,000
Blanket Systems of Digital Subscriber Carrier			\$ 115,000
Upgrade Copper to Cascade Creek			\$ 80,000
Spanish Peaks Cabinet Relocation			\$ 50,000
Moonlight Basin Cabinet Electronics			\$ 50,000
Yellowstone Preserve ONU Site			\$ 20,000
Birch Creek ODC - 100 or Retrofit			\$ 30,000
Haypress Lakes DLC			\$ 30,000
AC units - Misc Exchanges			\$ 62,000
Major FTTH Projects-Internally Funded			
Fort Shaw	\$	450,500	
Harrison	\$	100,000	
Highwood	\$	<u>100,000</u>	\$ 650,500
10 GIG Network & MPLS Edge Switches			\$ 630,000
Caching Servers & Sonet Terminals			\$ 175,000
SNMP Alarms			\$ 25,000
Browning R/W & Permit Acquisition			\$ 100,000
Repave Alley next to CO			\$ 30,000
Ennis CO Roof Replacement			<u>\$ 9,000</u>

**GRAND TOTAL**

**\$ 5,785,287**

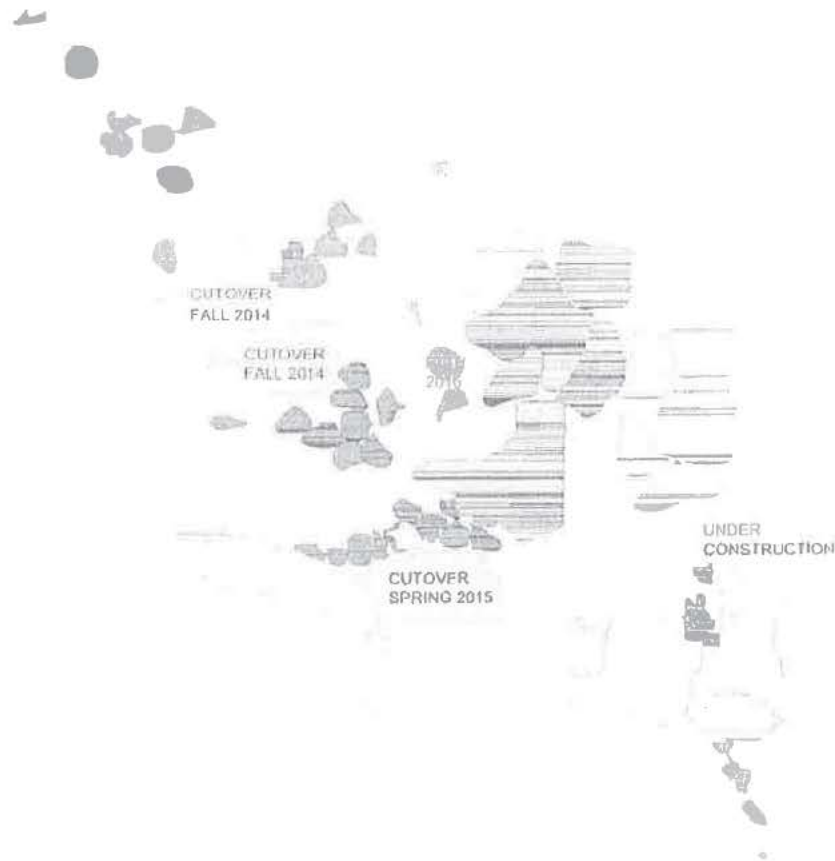
## 3 RIVERS TELEPHONE COOPERATIVE, INC

## 2015 USF DISBURSEMENTS

State	Spín	Study Area Code	Study Area Name	HCL	Year	Month
MT	143002543	482255	3-RIVERS TEL COOP	\$469,322	2015	May
MT	143002543	482255	3-RIVERS TEL COOP	\$454,242	2015	Apr
MT	143002543	482255	3-RIVERS TEL COOP	\$474,279	2015	Mar
MT	143002543	482255	3-RIVERS TEL COOP	\$474,279	2015	Feb
MT	143002543	482255	3-RIVERS TEL COOP	\$468,979	2015	Jan

YTD Received \$2,341,101

Estimated \$5,552,181



Legend  
3 Rivers Communications, Inc. Serving Area & Speeds 2015

■	NO MEG 1TH
■	15 MEG
■	6 MEG
■	700 KB
■	384 KB

Broadband Serving Area



**Consumer Protection**

3 Rivers Telephone Cooperative, Inc. complies with the requirements of 47 CFR Part 64 Subpart U, Customer Proprietary Network Information and the Federal Trade Commission Red Flag rules to prevent identity theft. A manual for each of those programs is in place and is part of the employees' handbook. Employee training is conducted annually and new hires are instructed on the programs as required by their job functions.

**Service Quality Standards**

3 Rivers Telephone Cooperative, Inc. complies with the service standards of the State of Montana as promulgated in the Montana Administrative Rule 38.5 subchapter 33, Telecommunications Service Standards.

**Office Hours and Telephone Availability**

3 Rivers Telephone Cooperative Inc. maintains a local and toll-free line for taking customer calls. This line is available 24 hours a days, 7 days a week. During normal business hours, 7 a.m. – 5 p.m. Monday through Friday, a customer representative answers and responds to customer inquiries. After normal business hours, 3 Rivers Telephone Cooperative Inc. contracts with an after hour call center that is able to assist customers. Some calls may be referred back to the business office for specific requests, with expectation that the customer will be called back the next business day.

A typical call to 3 Rivers Telephone Cooperative Inc. is answered within 15 seconds after the connections are made.

3 Rivers Telephone has five customer service centers as well as bill payment locations throughout our service territory. In addition, bill payment options are available through five local banks and online at 3 Rivers.net. On-line payments may be made with a debit/credit card or through e-check.

**Installations, Outages, and Service Calls**

New Connect Orders -- which are orders that do not require a technician visit to the location -- expected to be performed within 1-3 business days after an order has been placed.

Except during conditions beyond its control, 3 Rivers Telephone Cooperative, Inc. will dispatch a technician the same day that a trouble is received with expectation for same day/next day resolution.

**Billing Practices**

Thirty days advance notice (in writing) is given to subscribers of any increase in rates.



**Back-up Power**

3 Rivers Telephone Cooperative, Inc. has the following back-up power capabilities:

**Switches- stand alone and/or host**

All 3 River's Switch locations have battery backup rated to hold the office for 8 Hrs. In addition, either a diesel or propane generator is on site, which automatically comes on in the case of a power outage. These generators are capable of running for over 2 days with no human interface. Propane and diesel providers for each location are available to refill tanks in the case of a prolonged outage. Generators are tested under a full load every week.

**Remote Central Offices**

All remote central offices are equipped with battery backup rated to hold the office for 8 Hrs. In addition, either a diesel or propane powered generator are located on site with an approximate run time of 48 hours with no maintenance.

3 Rivers Telephone Cooperative, Inc. has multiple trailer mounted mobile gasoline and propane powered generators for any buildings without stationary backup power, each with fuel capacity to run approximately 8 hours. These are stored at centralized locations within our Northern and Southern Exchanges.

**Subscriber Carrier (DLC's, BLC's, etc.)**

All remote Cabinets have batteries capable of maintaining power to the unit for 8 hrs. In addition, 3 Rivers has multiple portable gas or propane powered generators strategically stored at locations throughout our Exchanges for quick deployment in the event of a commercial power failure. The Cabinets are equipped with external connections for use with mobile generators.

**Network Interface Devices (NIDs)**

All 3 Rivers Telephone Cooperative Inc. customers with copper connections to the Central Office have their NIDs powered from the Central Office.

In the case of customers with fiber optic connections to the Central Office, these customers are provided a battery backup unit at their location. These batteries are rated to last 6 hours.

**Ability to reroute traffic around damaged facilities**

3 Rivers Telephone Cooperative, Inc. maintains multiple forms of redundancy across its network, including copper/Sonet, Fiber/IP based, and microwave. 3 Rivers also leases capacity from other carriers to enhance its ability to have multiple routes to remote locations. 3 Rivers assures that its upstream providers, for both voice and data, maintain redundancy in their Networks as well. All critical equipment installed by 3 Rivers in its network is "Carrier Grade", with redundancy.

**Capability to manage traffic spikes resulting from emergency situations**

3 Rivers, by way of internal redundancy, and through the cooperative efforts with partner and upstream carriers, has the ability to re-route traffic in the case of an outage. 3 Rivers monitors traffic flows to maintain adequate capacity.

### **Tribal Governmental Engagement**

3 Rivers and the council met on May 29, 2014. The company continues to try to meet with the Tribal Council pursuant to § 54.313(a)(9).

On an ongoing basis through projects on the Blackfeet reservation 3 Rivers is compliant with:

- Right of way processes,
- Land Use permitting requirements,
- Facilities Siting rules,
- Environmental Review processes, and
- Cultural Preservation review processes.
- Tribal Business and Licensing requirement

3 Rivers participates in telecommunication industry tribal engagement work groups and conference presentations/panels.

### **Community Enhancement Funds**

3 Rivers has contributed over \$11,000 to numerous Blackfeet organizations through donations and sponsorships. The contributions include:

- \$4,000 to the Cowboys for Life Charity Golf benefit
- \$500 Blackfeet Tribal Council Heart Butte Celebration
- \$400 Blackfoot Manpower Summer Association
- \$600 to the community Volunteer Fire Departments
- \$200 to the Native American Community Development Corp
- Over \$3,500 to other various school and youth related projects

The Radio Shack franchise store provides a community meeting room available for community non-profit organizations at no cost.

### **2014 Upgrades and New Installations**

- 3 Rivers has Migrated all Browning voice subscribers from Legacy DMS-10 to MetaSwitch (softswitch) platform
- Installed additional SONET terminals to provide transport for access service request from various carriers.
- Installed new multiplexer to provide facilities for access service requests from various carriers.
- Installed Fiber Entrance Cabinet and Fiber Cross- Connect panel's for the Browning FTTH projects
- Fiber plowed to the Flat Iron BLC at the end of the US 89 to accommodate road move, cutover to Flat Iron Calix BLC, providing Broadband to additional subscribers
- Provided FTTH for Browning Housing Project # 5 Subdivision.

- Installed additional Calix blade at Bear Paw for increase capacity
- Blackfeet Community College cutover to new phone system
- BIA cutover to new phone system
- Several Businesses and Anchor Institutions cutover to Fiber:
  - Blackfeet Community College
  - Man Power North & South offices
  - Diabetes Center
  - Native American Bank
- Four existing DLC cabinets upgraded to BLC for improved Broadband

As evidenced by the data provided in line 700 of this Form 481, the Company's voice service pricing is less than \$47.48; \$47.48 is 2 standard deviations above the national average urban rate for local services of \$21.22 (DA 15-470, April 16, 2015).

Lifeline provides qualified telephone customers discounts on monthly basic telephone services only. The monthly basic service plan, which is the same for regular telephone subscribers and lifeline subscribers, allows a customer to make unlimited local and 911 calls. Features such as voice mail, caller ID, call waiting, etc. and toll calls (long distance) are available to the lifeline subscriber at the same rate that is available to the general public.

The descriptions and rates of the features and toll offerings are contained on the next two pages.

The Lifeline eligibility, certification, and household certification requirements can be found on the 3 Rivers website at <http://www.3rivers.net/lifelinespecial-needs>.



Telephone Features

## Unlimited Calling Features

Just **\$5.00**  
per month!

Add any of the features below to your local phone service for just \$5 per month!

Anonymous Call Rejection

Call Forward Busy

Call Forward Don't Answer

Call Forward Remote Access

Call Forwarding

Call Waiting

Caller ID Name and Number

Caller ID On Call Waiting

Conference Calling

Conference Calling Plus

Continuous Redial

Distinctive Ring

Last Call Return

Selective Call Acceptance

Selective Call Forwarding

Selective Call Rejection

Speed Dialing

Voice Mail

**Other Special Calling Services Available**

Account Codes *	\$4.00 per month
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Originating Call Management *	\$8.00 per month
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Teen Service *	\$4.00 per month
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Toll Restriction *	\$5.00 per month
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\* One-time programming fee applies. Please call for details.

**Long Distance - Calling Plans****3 Rivers 600-Minute Long Distance Plan \*\***

Get 600 minutes of Long Distance calls added to your basic 3 Rivers telephone service for just **\$29.95** per month. Plus, you'll save on any calls made beyond 600 minutes with a discounted rate of 10 cents per minute.

**Save \$4.95** by adding the 600-Minute Long Distance Plan to your \$5 Unlimited Calling Features plan. (Available only to customers who have 3 Rivers local telephone service.)

**Long Distance Basics**

- 15 cents per minute anywhere in the United States any time of day (including AK & HI)\*
- 22 cents per minute calling cards\*
- Incoming nationwide toll free (optional)
  - \$2.50 per month and 15 cents per minute
  - \$4.95 per month and 10 cents per minute

**8-Cents-Per-Minute Plan**

- 8 cents per minute anywhere in the United States anytime of day for \$7.95 per month\*

Contact our Customer Service Department at 1-800-796-4567, Monday through Friday, 8:00 a.m. to 5:00 p.m. to sign up for any of our Long Distance services or to obtain more detailed information.

*\* Does not include federal, state or local taxes and fees.*

*\*\*600-Minute Long Distance Plan Terms and Conditions*

3 Rivers' 600-Minute Long Distance Plan is available only to 3 Rivers local service customers for typical domestic residential voice usage only. Plan covers direct-dial calls to the lower 48 United States (does not include Alaska, Hawaii or Canada). Monthly recurring charge applies per line. Plan may not be used for dial-up internet access; other restrictions apply. Directory Assistance/Information calls are not included as part of the 600 Minute Long Distance plan. Usage may be monitored for compliance with plan restrictions. Long Distance service provided by 3 Rivers Telephone Coop, Inc. Subject to all taxes, tariffs and regulations. All rates subject to change. Contact a 3 Rivers customer representative for further information at 1-800-796-4567.

### Milestone Certification

Pursuant to 47 C.F.R. § 54.202(a) 3 Rivers Telephone Cooperative, Inc. provides this certification that it is taking reasonable steps to provide upon reasonable request broadband speeds of at least 4 Mbps downstream/1 Mbps upstream, with latency suitable for real-time applications, including Voice over Internet Protocol, and usage capacity that is reasonably comparable to offerings in urban areas as determined in an annual survey as specified in Public Notice DA 15-470, and that requests for such service are met within a reasonable amount of time.

Community Anchor Institutions

3 Rivers Telephone Cooperative, Inc. did not deploy broadband service to any new community institutions beginning in the preceding calendar year.

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0572-0031. The time required to complete this information collection is estimated to average 4 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

USDA-RUS	This data will be used by RUS to review your financial situation. Your response is required by 7 U.S.C. 901 et seq. and 7 CFR 1788.10. Federal laws and regulations regarding confidential information will be noted or commented.	
<b>OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS</b>	BORROWER NAME 3 Rivers Telephone Cooperative, Inc.	
	(Prepared with Audited Data)	

INSTRUCTIONS-Submit report to RUS within 30 days after close of the period.  
For detailed instructions, see RUS Bulletin 1744-2. Report in whole dollars only.

PERIOD ENDING

December, 2014

BORROWER DESIGNATION

MT0513

## CERTIFICATION

We hereby certify that the entries in this report are in accordance with the accounts and other records of the system and reflect the status of the system to the best of our knowledge and belief.

ALL INSURANCE REQUIRED BY 7 CFR PART 1788, CHAPTER XVII, RUS, WAS IN FORCE DURING THE REPORTING PERIOD AND RENEWALS HAVE BEEN OBTAINED FOR ALL POLICIES.

DURING THE PERIOD COVERED BY THIS REPORT PURSUANT TO PART 1788 OF 7 CFR CHAPTER XVII

(Check one of the following)

☒ All of the obligations under the RUS loan documents have been fulfilled in all material respects.

☐ There has been a default in the fulfillment of the obligations under the RUS loan documents. Said default(s) is/are specifically described in the Telecom Operating Report

Bradley Veis

5/8/2015

DATE

## PART A. BALANCE SHEET

ASSETS	BALANCE PRIOR YEAR	BALANCE END OF PERIOD	LIABILITIES AND STOCKHOLDERS' EQUITY	BALANCE PRIOR YEAR	BALANCE END OF PERIOD
<b>CURRENT ASSETS</b>			<b>CURRENT LIABILITIES</b>		
1. Cash and Equivalents	16,463,771	19,851,120	25. Accounts Payable	3,248,228	4,203,192
2. Cash-RUS Construction Fund	1		26. Notes Payable		
3. Affiliates:			27. Advance Billings and Payments	1,404,028	1,510,151
a. Telecom, Accounts Receivable			28. Customer Deposits	107,335	109,653
b. Other Accounts Receivable			29. Current Mat. L/T Debt	3,790,672	4,750,925
c. Notes Receivable			30. Current Mat. L/T Debt-Rur. Dev.		
4. Non-Affiliates:			31. Current Mat.-Capital Leases		
a. Telecom, Accounts Receivable	1,658,062	1,746,288	32. Income Taxes Accrued	0	
b. Other Accounts Receivable	2,073,605	2,101,575	33. Other Taxes Accrued	621,954	643,400
c. Notes Receivable		400,000	34. Other Current Liabilities	1,672,720	1,711,379
5. Interest and Dividends Receivable		1,361	35. Total Current Liabilities (25 thru 34)	10,844,929	12,929,300
6. Material-Regulated	2,197,064	2,460,482	<b>LONG-TERM DEBT</b>		
7. Material-Nonregulated	306,561	233,258	36. Funded Debt-RUS Notes	30,963,714	39,420,454
8. Prepayments	286,814	423,893	37. Funded Debt-RTB Notes	554,048	260,723
9. Other Current Assets			38. Funded Debt-FFB Notes		
10. Total Current Assets (1 Thru 9)	22,985,878	27,257,977	39. Funded Debt-Other	7,165,328	5,482,660
<b>NONCURRENT ASSETS</b>			40. Funded Debt-Rural Develop. Loan		
11. Investment in Affiliated Companies			41. Premium (Discount) on L/T Debt		
a. Rural Development			42. Reacquired Debt		
b. Nonrural Development	4,736,684	5,036,479	43. Obligations Under Capital Lease		
12. Other Investments			44. Adv. From Affiliated Companies		
a. Rural Development			45. Other Long-Term Debt		
b. Nonrural Development	6,053,427	5,947,016	46. Total Long-Term Debt (36 thru 45)	38,683,090	45,163,837
13. Nonregulated Investments	6,634,615	5,582,805	<b>OTHER LIAB. &amp; DEF. CREDITS</b>		
14. Other Noncurrent Assets	437,557	59,880	47. Other Long-Term Liabilities	5,789,561	5,766,076
15. Deferred Charges	218,447	149,115	48. Other Deferred Credits	1,569,721	1,541,500
16. Jurisdictional Differences			49. Other Jurisdictional Differences		
17. Total Noncurrent Assets (11 thru 16)	18,280,730	16,775,299	50. Total Other Liabilities and Deferred Credits (47 thru 49)	7,359,282	7,307,576
<b>PLANT, PROPERTY, AND EQUIPMENT</b>			<b>EQUITY</b>		
18. Telecom, Plant-in-Service	189,033,526	199,489,750	51. Cap. Stock Outstanding & Subscribed		
19. Property Held for Future Use	91,923	91,923	52. Additional Paid-in-Capital		
20. Plant Under Construction	1,332,371	1,051,347	53. Treasury Stock		
21. Plant Adj., Nonop. Plant & Goodwill	9,628,520	9,628,520	54. Membership and Cap. Certificates		
22. Less Accumulated Depreciation	128,506,967	132,504,686	55. Other Capital	7,118,045	7,071,968
23. Net Plant (18 thru 21 less 22)	71,579,373	77,756,854	56. Patronage Capital Credits	46,606,849	47,367,916
24. TOTAL ASSETS (10+17+23)			57. Retained Earnings or Margins	2,233,786	1,949,533
	112,645,981	121,790,130	58. Total Equity (51 thru 57)	55,958,680	56,389,417
			59. TOTAL LIABILITIES AND EQUITY (36+46+50+58)	112,845,981	121,790,130

Total Equity = 46.30% % of Total Assets

USDA-RUS

OPERATING REPORT FOR  
TELECOMMUNICATIONS BORROWERS

INSTRUCTIONS- See RUS Bulletin 1744-2

BORROWER DESIGNATION

MT0513

PERIOD ENDING

December, 2014

482255ml3017

PART B. STATEMENTS OF INCOME AND RETAINED EARNINGS OR MARGINS

ITEM	PRIOR YEAR	THIS YEAR
1. Local Network Services Revenues	5,413,750	5,423,132
2. Network Access Services Revenues	21,289,637	22,958,405
3. Long Distance Network Services Revenues	1,450,301	1,373,218
4. Carrier Billing and Collection Revenues		
5. Miscellaneous Revenues	776,146	870,965
6. Uncollectible Revenues	(40,181)	6,344
7. Net Operating Revenues (1 thru 5 less 6)	28,970,015	30,619,376
8. Plant Specific Operations Expense	6,993,866	7,119,146
9. Plant Nonspecific Operations Expense (Excluding Depreciation & Amortization)	4,139,343	4,155,869
10. Depreciation Expense	9,837,217	11,349,765
11. Amortization Expense	6,000	
12. Customer Operations Expense	2,527,427	2,397,288
13. Corporate Operations Expense	4,050,501	3,950,406
14. Total Operating Expenses (8 thru 13)	27,594,354	28,972,474
15. Operating Income or Margins (7 less 14)	1,375,661	1,646,902
16. Other Operating Income and Expenses		
17. State and Local Taxes		
18. Federal Income Taxes	0	
19. Other Taxes	1,171,131	1,209,215
20. Total Operating Taxes (17+18+19)	1,171,131	1,209,215
21. Net Operating Income or Margins (15+18-20)	204,530	437,687
22. Interest on Funded Debt	1,163,152	1,310,525
23. Interest Expense - Capital Leases		
24. Other Interest Expense	5,727	6,425
25. Allowance for Funds Used During Construction	76,951	95,428
26. Total Fixed Charges (22+23+24-25)	1,091,918	1,221,532
27. Nonoperating Net Income	1,441,966	439,750
28. Extraordinary Items		
29. Jurisdictional Differences		
30. Nonregulated Net Income	1,679,208	2,293,628
31. Total Net Income or Margins (21+27+28+29+30-26)	2,233,786	1,949,533
32. Total Taxes Based on Income		
33. Retained Earnings or Margins Beginning-of-Year	1,111,119	2,233,786
34. Miscellaneous Credits Year-to-Date		
35. Dividends Declared (Common)		
36. Dividends Declared (Preferred)		
37. Other Debits Year-to-Date		
38. Transfers to Patronage Capital	1,111,119	2,233,786
39. Retained Earnings or Margins End-of-Period [(31+33+34) - (35+36+37+38)]	2,233,786	1,949,533
40. Patronage Capital Beginning-of-Year	47,837,825	46,606,849
41. Transfers to Patronage Capital	1,111,119	2,233,786
42. Patronage Capital Credits Retired	2,342,095	1,472,719
43. Patronage Capital End-of-Year (40+41-42)	46,606,849	47,367,916
44. Annual Debt Service Payments	4,141,680	5,310,587
45. Cash Ratio [(14+20-10-11) / 7]	0.6532	0.6150
46. Operating Accrual Ratio [(14+20+26) / 7]	1.0306	1.0256
47. TIER [(31+28) / 26]	3.0457	2.5960
48. DSCR [(31+26+10+11) / 44]	3.1796	2.7343



USDA-RUS		BORROWER DESIGNATION MT0513	
OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS		PERIOD ENDED December, 2014	
INSTRUCTIONS – See help in the online application.			
PART I – STATEMENT OF CASH FLOWS			
1.	Beginning Cash (Cash and Equivalents plus RUS Construction Fund)		16,463,772
CASH FLOWS FROM OPERATING ACTIVITIES			
2.	Net Income		1,949,533
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities			
3.	Add: Depreciation		11,349,765
4.	Add: Amortization		0
5.	Other (Explain) Decrease/(increase) in interest receivable		(1,361)
Changes in Operating Assets and Liabilities			
6.	Decrease/(Increase) in Accounts Receivable		(116,196)
7.	Decrease/(Increase) in Materials and Inventory		(190,115)
8.	Decrease/(Increase) in Prepayments and Deferred Charges		(67,747)
9.	Decrease/(Increase) in Other Current Assets		0
10.	Increase/(Decrease) in Accounts Payable		954,972
11.	Increase/(Decrease) in Advance Billings & Payments		106,123
12.	Increase/(Decrease) in Other Current Liabilities		60,705
13.	Net Cash Provided/(Used) by Operations		14,045,679
CASH FLOWS FROM FINANCING ACTIVITIES			
14.	Decrease/(Increase) in Notes Receivable		(400,000)
15.	Increase/(Decrease) in Notes Payable		0
16.	Increase/(Decrease) in Customer Deposits		2,318
17.	Net Increase/(Decrease) in Long Term Debt (Including Current Maturities)		7,441,000
18.	Increase/(Decrease) in Other Liabilities & Deferred Credits		(51,706)
19.	Increase/(Decrease) in Capital Stock, Paid-in Capital, Membership and Capital Certificates & Other Capital		(46,077)
20.	Less: Payment of Dividends		0
21.	Less: Patronage Capital Credits Retired		(1,472,719)
22.	Other (Explain)		
23.	Net Cash Provided/(Used) by Financing Activities		5,472,816
CASH FLOWS FROM INVESTING ACTIVITIES			
24.	Net Capital Expenditures (Property, Plant & Equipment)		(10,175,200)
25.	Other Long-Term Investments		1,058,422
26.	Other Noncurrent Assets & Jurisdictional Differences		377,677
27.	Other (Explain) Retirement of plant against the reserve accounts and net change in intangible assets		(7,352,046)
28.	Net Cash Provided/(Used) by Investing Activities		(16,091,147)
29.	Net Increase/(Decrease) in Cash		3,427,348
30.	Ending Cash		19,891,120

Revision Date 2010



**INDEPENDENT AUDITORS REPORT ON COMPLIANCE WITH ASPECTS OF  
CONTRACTUAL AGREEMENTS AND REGULATORY REQUIREMENTS FOR  
TELECOMMUNICATIONS BORROWERS**

Board of Trustees  
3 Rivers Telephone Cooperative, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements 3 Rivers Telephone Cooperative, Inc. and its subsidiary which comprise the consolidated balance sheet as of December 31, 2014, and the related consolidated statements of income, comprehensive income, members' equity, and cash flows for the year ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated February 9, 2015. In accordance with *Government Auditing Standards*, we have also issued our report dated February 9, 2015, on our consideration of 3 Rivers Telephone Cooperative, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. No reports other than the reports referred to above and our schedule of findings and recommendations related to our audit have been furnished to management.

In connection with our audit, nothing came to our attention that caused us to believe that 3 Rivers Telephone Cooperative, Inc. failed to comply with the terms, covenants, provisions, or conditions on its loan, grant, and security instruments as set forth in 7 CFR Part 1773, *Policy on Audits of Rural Utilities Service Borrowers*, §1773.33 and clarified in the RUS policy memorandum dated February 7, 2014, insofar as they relate to accounting matters as enumerated below. However, our audit was not directed primarily toward obtaining knowledge of noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding 3 Rivers Telephone Cooperative, Inc.'s noncompliance with the above-referenced terms, covenants, provisions, or conditions of the contractual agreements and regulatory requirements, insofar as they relate to accounting matters. In connection with our audit, we noted no matters regarding 3 Rivers Telephone Cooperative, Inc.'s accounting and records to indicate that 3 Rivers Telephone Cooperative, Inc. did not:

- Maintain adequate and effective accounting procedures;

**INDEPENDENT AUDITORS REPORT ON COMPLIANCE WITH ASPECTS OF  
CONTRACTUAL AGREEMENTS AND REGULATORY REQUIREMENTS FOR  
TELECOMMUNICATIONS BORROWERS  
(continued)**

- Utilize adequate and fair methods for accumulating and recording labor, material, and overhead costs, and the distribution of these costs to construction, retirement, and maintenance or other expense accounts;
- Reconcile continuing property records to the controlling general ledger plant accounts;
- Clear construction accounts and accrue depreciation on completed construction;
- Record and properly price the retirement of plant;
- Seek approval for the sale, lease or transfer of capital assets and disposition of proceeds for the sale or lease of plant, material, or scrap;
- Maintain adequate control over materials and supplies;
- Prepare accurate and timely financial and operating reports;
- Obtain written RUS approval to enter into any contract, agreement, or lease with an affiliate;
- Disclose material related party transactions in the financial statements, in accordance with requirements for related parties in generally accepted accounting principles;
- Comply with the requirements for the detailed schedule of investments.

Our audit was made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The detailed schedule of investments in affiliated companies required by 7 CFR 1773.33(i), and attached to this letter, is presented for purposes of additional analysis and is not a required part of the basic consolidated financial statements. This information has been subjected to the auditing procedures applied in our audit of the basic consolidated financial statements, and in our opinion, is fairly stated, in all material respects, in relation to the basic consolidated financial statements taken as whole.

See attached Schedule of Investments in affiliated companies.

This report is intended solely for the information and use of the board of directors, management, RUS, and supplemental lenders and is not intended to be, and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

*Moss Adams LLP*

Spokane, Washington  
February 9, 2015